

Introduced by Senator Mountjoy

February 18, 1998

An act to add Section 7085.1 to the Business and Professions Code, relating to arbitration of contractor disputes.

LEGISLATIVE COUNSEL'S DIGEST

SB 1792, as introduced, Mountjoy. Contractors: arbitration of disputes.

The Contractors' State License Law provides that the Registrar of Contractors may refer specified complaints regarding contractors to arbitration if certain conditions are met, including the existence of evidence that the complainant has suffered or is likely to suffer damages greater than \$5,000 and less than \$25,000, and the concurrence of both parties to the referral.

This bill would authorize the registrar to also refer a complaint to arbitration that exceeds \$25,000 in damages to the complainant, if the complaint otherwise meets the conditions applicable to a referral to arbitration and both parties submit a written petition containing specified information that is acceptable to the registrar.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 7085.1 is added to the Business
- 2 and Professions Code, to read:

1 7085.1. (a) If the registrar determines that a
2 complainant has suffered or is likely to suffer damages in
3 excess of the maximum amount applicable to material
4 damages, as that term is defined in Section 7085, but that
5 the complaint otherwise would be eligible for arbitration
6 pursuant to subdivision (a) of Section 7085, the complaint
7 may be referred to arbitration, provided that the parties
8 submit a written petition that complies with subdivision
9 (b) and is acceptable to the registrar.

10 (b) A petition submitted under this section shall be
11 signed by both parties. The petition shall also include
12 each of the following:

13 (1) A statement that acknowledges that each party
14 understands that an arbitration hearing is intended to
15 settle disputes in a manner that is as expedient, equitable,
16 and reasonable as possible without litigating the matter
17 in a court, and that the rules of arbitration provide
18 arbitrators with broad discretion in their decisions and
19 that the results obtained in arbitration are likely to be
20 considerably different than if the parties had litigated the
21 dispute in court.

22 (2) A statement that the parties agree to be bound by
23 all of the laws and rules applicable to arbitration
24 proceedings, arbitration awards, and compliance
25 requirements that are administered under this chapter.

